An Act to Establish a Clean Hydrogen Pilot Program

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed.

Presented by Representative DOUDERA of Camden.
Cosponsored by Senator LAWRENCE of York and
Be it enacted by the People of the State of Maine as follows:

Sec. 1. 35-A MRSA §123 is enacted to read:

§123. Clean hydrogen pilot program

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Clean hydrogen" means hydrogen produced through a process that results in a life-cycle greenhouse gas emissions rate of not greater than 4 kilograms of carbon dioxide or carbon dioxide equivalents per kilogram of hydrogen generated, as determined by the commission in accordance with IRS production tax credit regulations.

B. "Clean hydrogen facility" means a facility that produces clean hydrogen, has a peak electricity demand that is no more than 20 megawatts and meets applicable requirements for a federal production tax credit under the federal act and IRS production tax credit regulations.


D. "IRS production tax credit regulations" means regulations of the federal Internal Revenue Service adopted pursuant to the federal act governing clean hydrogen production tax credits.

E. "Pilot program" means the clean hydrogen program established pursuant to this section.

2. Clean hydrogen pilot program; criteria. The commission shall establish a clean hydrogen pilot program in accordance with this section. The commission shall choose through a competitive solicitation process 3 clean hydrogen facilities to participate in the pilot program. The first competitive solicitation must occur in 2024 and open no later than January 15, 2024 and close no later than March 15, 2024 unless the commission determines that a longer period is required to achieve the purposes of the pilot program. The commission shall conduct additional bid solicitations annually through 2029 until the commission selects 3 clean hydrogen facilities for participation in the pilot program. Under the pilot program, the commission shall:

A. When selecting clean hydrogen facilities:

(1) Prioritize facilities with lower greenhouse gas emissions or facilities the commission finds will advance the viability of technology that reduces greenhouse gas emissions;

(2) Choose facilities the commission finds are in the public interest and are reasonably likely not to cause significant costs for gas or electric ratepayers; and

(3) Require bidders to demonstrate that the owner or operator of the facility:

(a) Has control over the site where the facility is to be located; and

(b) Has technical and financial capacity to construct, operate and decommission the facility;

B. Require the owner or operator of a clean hydrogen facility chosen for the pilot program to ensure that all persons engaged in the construction, alteration or repair of
the facility, including all employees, contractors and subcontractors, are paid wages
that are not less than the prevailing hourly wages for work of a similar character in the
locality in which the facility is located as most recently determined by the Bureau of
Labor Standards in accordance with Title 26, section 1308 and in compliance with
applicable requirements of the federal act and the IRS production tax credit regulations;
and

C. Prohibit the sale or purchase of thermal renewable energy credits, as defined in
section 3210, subsection 2, paragraph E, associated with the hydrogen produced by a
clean hydrogen facility chosen for the pilot program.

3. Exemptions for sales of electricity to clean hydrogen facility. Sales of electricity
to a clean hydrogen facility selected by the commission under subsection 2 are exempt
from:

A. Any distribution, delivery or related charges regulated by the commission,
including, but not limited to, volumetric fees, stranded costs and demand and standby
charges; and

B. Charges associated with the procurement of energy efficiency resources by
transmission and distribution utilities ordered under section 10110, subsection 4-A.

4. Exemption from portfolio requirements. A competitive electricity provider, as
defined in section 3201, subsection 5, is exempt from the requirements established by
section 3210 for the portion of its supply portfolio that is sold to a clean hydrogen facility
under the pilot program.

5. Rules. The commission shall adopt rules to implement this section. Rules adopted
under this subsection are routine technical rules as defined in Title 5, chapter 375,
subchapter 2-A.

Sec. 2. Report. The Public Utilities Commission, by November 1, 2025, shall submit
a report to the joint standing committee of the Legislature having jurisdiction over energy
and utilities matters regarding the status of the pilot program. The joint standing committee
may report out a bill to the Second Regular Session of the 132nd Legislature based on the
report.

SUMMARY

This bill requires the Public Utilities Commission to develop and oversee a pilot
program to produce clean hydrogen. The commission is directed to select 3 clean hydrogen
facilities to participate in the pilot program. Energy supplied to a clean hydrogen facility is
exempt from all transmission and distribution charges, charges associated with the
procurement of energy efficiency resources and the renewable resource requirements
established by the Maine Revised Statutes, Title 35-A, section 3210. By November 1, 2025,
the commission is required to submit a report to the joint standing committee of the
Legislature having jurisdiction over energy and utilities matters regarding the status of the
pilot program.